



# Grupo Rotoplas

BMV:AGUA\*

Quarterly Results 3Q19

Mexico City, October 23rd, 2019

## Grupo Rotoplas announces results for the Third Quarter of 2019

Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA) (“Rotoplas” or “the Company” or “the Group”), the leading provider of water solutions (products and services) in the Americas, announced today its unaudited financial results for the third quarter and cumulative from January to September of 2019. The information within has been prepared based on International Financial Reporting Standards (IFRS).

*Figures in this document are expressed in Mexican pesos and may vary due to rounding.*

### Relevant event during the quarter:

During the third quarter the Company sold its manufacturing assets in the USA to focus on the e-commerce platform in this country. This transaction is reported as a discontinued operation since July 2019. For comparison purposes, figures for 2018 and 2019 were adjusted, separating operations from the manufacturing business in the USA.

Additionally, this transaction increased the Company’s cash position by Ps. 762 million, boosting value by raising returns on invested capital.

### Quarterly Results 3Q19 vs 3Q18

(Millions of MXN)

- ④ During the quarter **net sales** grew 4.3% to reach Ps. 2,022 million, driven by 10.3% sales growth in Argentina notwithstanding the devaluation of more than 40% of its currency, as well as a 4.7% growth in Mexico, demonstrating the resilience of our business model in a challenging economic backdrop.
  - **Product sales** grew 3.9% to reach Ps. 1,860 million, mainly driven by growth in sales of storage and treatment & heating.
  - **Service sales** increased by 8.3% mainly due to water treatment plants that began to operate in this period. Additionally, the drinking water platform “bebbia” continues with a positive growth trend as the number of installed purification units doubled.
- ④ **Gross profit** rose 12.1%, benefiting from the decline in the cost of raw materials, mainly resin, a higher productivity in the manufacturing process and better sales prices.

- ④ **Operating income** grew 31.3% due to higher marginal contributions and a strict discipline in expense management. The **operating margin** improved by 330 bp.
- ④ **Adjusted EBITDA**<sup>1</sup> reached Ps. 392 million, an 18.8% increase and a 240 bp improvement when compared to the 3Q18, to reach 19.4%. Mexico stands out with a 590 bp expansion.
- ④ **Net Income** for the period amounted to Ps. 77 million, figure 1.4% higher than the previous year, notwithstanding higher expense interest payments of Ps. 74 million from increased debt and a loss of Ps. 86 million resulting from the monetary position and the devaluation of the currency in Argentina<sup>3</sup>.

## Cumulative Results from January to September 2019 vs 2018

(Millions of MXN)

- ④ **Net Sales** increased 4.2% to reach Ps. 5,978 million, largely due to the 38.4% sales increase in Argentina related to the integration of the water flow company IPS in July 1<sup>st</sup> 2018. Central America posted double-digit growth, driven by a higher dynamism in Guatemala.
  - **Product sales** grew by 6.2% reaching Ps. 5,566 million, while **services** fell 16.8% responding to a decrease in school drinking water fountains' revenues due to non-recurrent government contracts.
- ④ **Gross margin** increased by 260 bp due to the lower costs of resins and higher productivity in the manufacturing facilities, as well as a price increases strategy.
- ④ **Adjusted EBITDA**<sup>2</sup> grew 6.3% while the **adjusted EBITDA margin** reached 17.2%, an increase of 30 bp.
- ④ **Net Income** in the period was Ps. 228 million, affected by the higher interest payment of Ps. 180 million, as well as an impact in Argentina<sup>3</sup> due to hyperinflation and currency evaluation, which caused losses of Ps. 148 million.

<sup>1</sup> Adjusted EBITDA excludes non-recurring expenses (donations and expenses related to acquisitions) for amounts of Ps. 2.5 million in 3Q19 and Ps. 24.2 million in 3Q18.

<sup>2</sup> Adjusted EBITDA excludes non-recurring expenses (donations and expenses related to acquisitions) for amounts of Ps. 3.7 million in 9M19 and Ps. 35.8 million in 9M18.

<sup>3</sup> Since Argentina's cumulative inflation has been above 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the financial statements to consider changes in purchasing power.

## Message from the CEO

Despite the adverse macroeconomic conditions that persist in most of the countries where we operate, we closed the third quarter of 2019 with a sales growth that is in line with our expectations and a double digit increase in EBITDA.

Additionally, I would like to share that after a diagnosis made in the first months of my tenure as CEO, we found several value-generating opportunities and we have started to implement an organizational transformation program called “Flow”. This program seeks to boost the profitability of the current portfolio and implement growth initiatives through levers of income, cost and working capital, in addition to a rigorous discipline in capital allocation.

The main objective of “Flow” is to increase the ROIC above the cost of capital in the next 18 months. Likewise, this program is aligned with our purpose of creating value and well-being for all and contemplates the pillars that guide us: innovation, sustainability and talent development.

As part of the “Flow” initiatives, in July we carried out the sale of our U.S. manufacturing assets to focus our efforts on the e-commerce platform. This transaction also helped us to strengthen the cash position on the balance sheet reducing the Net Debt / EBITDA ratio and allowing us to reach an inflection point in the ROIC, which improves in 200 bp compared to the end of 2018.



**Carlos Rojas Aboumrad**

Chief Executive Officer of Grupo Rotoplas, S.A.B. de C.V.

## Selected Financial Information – Income Statement and Balance Sheet

(Millions of MXN)

Income Statement	3Q19	3Q18 <sup>4</sup>	Var (%)	9M19	9M18	Var (%)
<b>Net Sales</b>	<b>2,022</b>	<b>1,939</b>	<b>4.3%</b>	<b>5,978</b>	<b>5,738</b>	<b>4.2%</b>
Cost of Sales	1,156	1,166	(0.9%)	3,477	3,488	(0.3%)
<b>Gross Profit</b>	<b>866</b>	<b>773</b>	<b>12.1%</b>	<b>2,501</b>	<b>2,250</b>	<b>11.2%</b>
<i>Gross Profit Margin</i>	42.8%	39.9%	290 bp	41.8%	39.2%	260
<b>Operating Income</b>	<b>324</b>	<b>247</b>	<b>31.3%</b>	<b>773</b>	<b>685</b>	<b>12.7%</b>
<i>Operating Income Margin</i>	16.0%	12.7%	330 bp	12.9%	11.9%	100 bp
<b>Comprehensive Financing Result</b>	<b>(172)</b>	<b>(93)</b>	<b>(85.5%)</b>	<b>(404)</b>	<b>(137)</b>	<b>NA</b>
Taxes	76	79	(3.8%)	140	195	(27.9%)
<b>Net Income</b>	<b>77</b>	<b>75</b>	<b>1.4%</b>	<b>228</b>	<b>352</b>	<b>(35.2%)</b>
<i>Net Income Margin</i>	3.8%	3.9%	(10) bp	3.8%	6.1%	(230) bp
EBITDA	389	305	27.4%	1,025	932	9.9%
<b>Adjusted EBITDA</b>	<b>392</b>	<b>330</b>	<b>18.8%</b>	<b>1,029</b>	<b>968</b>	<b>6.3%</b>
<i>Adjusted EBITDA Margin</i>	19.4%	17.0%	240 bp	17.2%	16.9%	30 bp
<b>Profit/Loss from Discontinued Operations<sup>5</sup></b>	<b>(146)</b>	<b>(9)</b>	<b>NA</b>	<b>(146)</b>	<b>(9)</b>	<b>NA</b>
<b>Net Profit/Loss after Discontinued Operations</b>	<b>(70)</b>	<b>66</b>	<b>NA</b>	<b>82</b>	<b>343</b>	<b>(76.2%)</b>

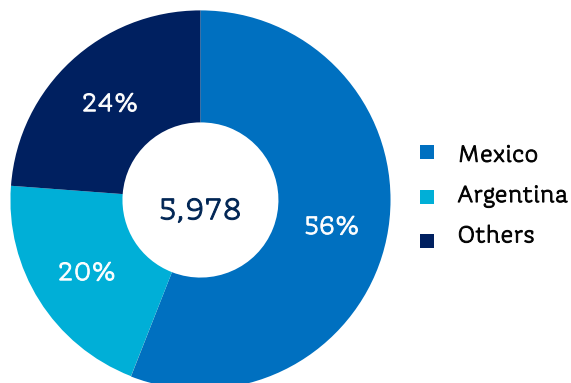
<sup>4</sup>For comparison purposes, these figures vary from the previously-reported in October 2018. These now exclude the manufacturing operations in the United States of America as they have been considered as discontinued due to its sale in July 2019. This adjustment subtracts Ps. 63 million from net sales and increases adjusted EBITDA by Ps. 34 million in 2019; it also recognizes a loss from Discontinued Operations of Ps. 9 million in 2018.

Balance Sheet	Sep.19	Dec.18	Var (%)
Cash and Cash Equivalents	1,546	1,050	47.2%
Total Debt	2,982	2,923	2.0%
Net Debt	1,437	1,873	(23.3%)
Net Debt / Adjusted EBITDA	1.1 x	1.5 x	(0.4 x)
ROIC (NOPAT LTM / Average Invested Capital, t, t-1)	9.3%	7.3%	200 bp

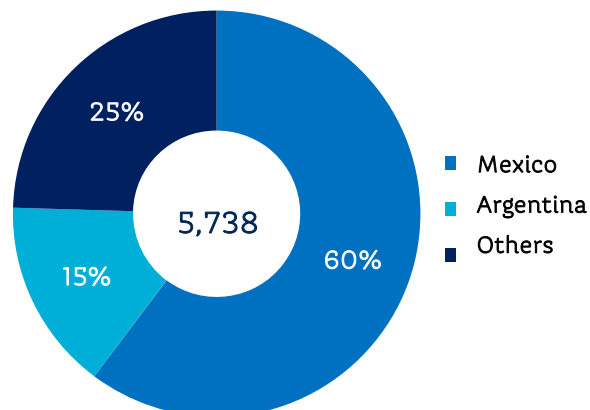
<sup>5</sup> Refers to the sale of manufacturing assets in the United States of America, this transaction was concluded on July 19th, 2019.

## Sales and Adjusted EBITDA

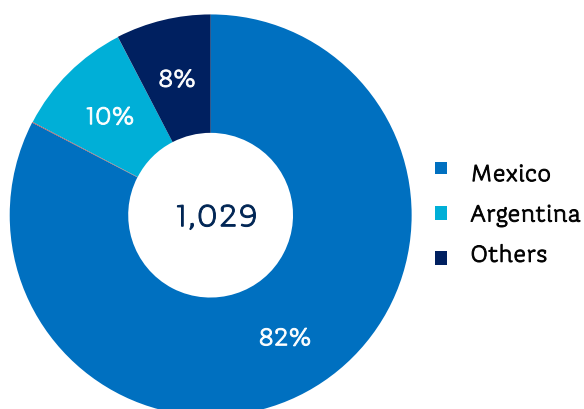
Sales by Country 9M19



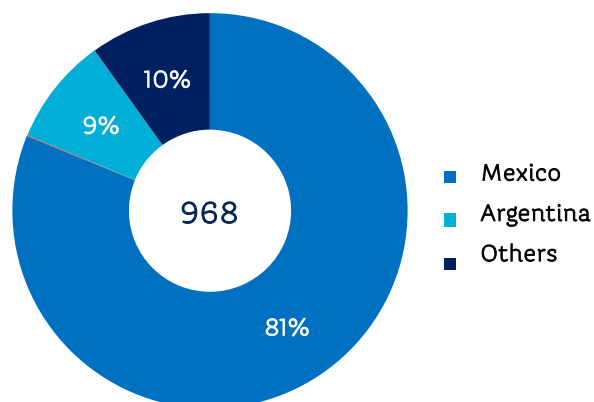
Sales by Country 9M18



EBITDA by Country 9M19



EBITDA by Country 9M18



## Income Statement Analysis

### Net Sales and Adjusted EBITDA by Country

#### Summary by Country (Millions of MXN)

Net Sales	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
	<b>Mexico</b>	<b>1,136</b>	<b>1,084</b>	<b>4.7%</b>	<b>3,345</b>	<b>3,456</b>
% of total	56%	56%	30 bp	56%	60%	(420) bp
<b>Argentina</b>	<b>474</b>	<b>429</b>	<b>10.3%</b>	<b>1,210</b>	<b>874</b>	<b>38.4%</b>
% of total	23%	22%	130 bp	20%	15%	500 bp
<b>Others</b>	<b>413</b>	<b>425</b>	<b>(2.9%)</b>	<b>1,423</b>	<b>1,407</b>	<b>1.1%</b>
% of total	20%	22%	(200) bp	24%	25%	(10) bp

Adjusted EBITDA	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
<b>Mexico</b>	<b>307</b>	<b>229</b>	<b>34.3%</b>	<b>851</b>	<b>786</b>	<b>8.2%</b>
<i>Adjusted EBITDA Margin</i>	<i>27.0%</i>	<i>21.1%</i>	<i>590 bp</i>	<i>25.4%</i>	<i>22.8%</i>	<i>260 bp</i>
<b>Argentina</b>	<b>42</b>	<b>55</b>	<b>(24.2%)</b>	<b>100</b>	<b>85</b>	<b>16.6%</b>
<i>Adjusted EBITDA Margin</i>	<i>8.8%</i>	<i>12.8%</i>	<i>(380) bp</i>	<i>8.3%</i>	<i>9.8%</i>	<i>(150) bp</i>
<b>Others</b>	<b>43</b>	<b>46</b>	<b>(6.8%)</b>	<b>79</b>	<b>96</b>	<b>(18.4%)</b>
<i>Adjusted EBITDA Margin</i>	<i>10.4%</i>	<i>10.8%</i>	<i>(40) bp</i>	<i>5.5%</i>	<i>6.8%</i>	<i>(130) bp</i>

### - Mexico

**Net sales** reached Ps. 1,136 million in the third quarter and Ps. 3,345 million in the first nine months of the year. During the quarter, revenues increased 4.7% due to an increase of 8.3% in services, driven by revenues of water treatment plants from contracts obtained in previous quarters; these plants started to operate in this period after their construction was concluded.

Several initiatives focused on strengthening the brand, such as the presence of salespersons in different points-of-sale, the Loyalty Plan for plumbers and targeted promotions, all contributed to a growth of 4.2% in product sales.

In the first nine months, revenues were affected by the lower sales volume of school drinking water fountains derived from non-recurrent government contracts. Likewise, weak consumption affected the sales of products in some of our sales channels.

The **adjusted EBITDA** for the quarter reached Ps. 307 million, an expansion of 34.3%, thanks to lower raw material costs and an improvement in our manufacturing facilities' productivity. The cumulative **adjusted EBITDA margin** reached 25.4%, a growth of 260 bp, recording an EBITDA of Ps. 851 million.

### - Argentina

**Net sales** in Argentina reached Ps. 474 million, a growth of 10.3%, despite the macroeconomic volatility derived from elections, the deterioration of consumer confidence and the devaluation of the Argentine peso. We continue to see a positive overall trend in sales, which increases our market share in three product categories: storage, water flow and water heating. Also, the devaluation of the Argentine peso has benefited sales of foreign trade.

As the IPS water flow company was acquired on July 1<sup>st</sup> 2018, figures in this quarter are now comparable to last year's.

**Cumulative net sales** reached Ps. 1,210 million, representing growth of 38.4%, due to a disciplined pricing strategy to anticipate inflation.

The Company has continued to focus on offering medium and low-end products to meet market needs with a lower purchasing power environment in the country.

The **Adjusted EBITDA margin** reached 8.8% in the quarter and 8.3% cumulatively, a reduction of 380 bp and 150 bp respectively. This reduction is largely explained by a lag in price increases impacting costs and expenses absorption capacity as some of our costs are denominated in US dollars.

*NOTE: Adoption of IAS 29, Financial Reporting in Hyperinflationary Economies.*

*Due to the Argentine accumulation of an inflation higher than 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the Financial Statements to consider changes in purchasing power.*

*International Accounting Standard (IAS) 29, Financial Information in Hyperinflationary Economies establishes that the results of operations in Argentina should be reported as if they were hyperinflationary as of January 1st, 2018. Moreover, an adjustment for inflation in the Financial Statements should be made to account for the change in the purchasing power of the local currency.*

*Due to the above, both in 3Q19 and cumulatively, the impact of the above resulted in an increase of Ps. 20 million and Ps. 65 million in financial expenses, negatively impacting the Comprehensive Financing Result.*

#### - Others

During the third quarter, the Company sold its manufacturing assets in California, Georgia, and Texas in the United States of America, to concentrate on the e-commerce platform. This transaction involved a strategic alliance with the leader in tank manufacturing, Tank Holding Corp., and considers, among other synergies, continuity in the marketing of its products through supply agreements.

**Net sales** of other countries (United States of America, Peru, Brazil, Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua) reached Ps. 413 million, a 2.9% reduction vs 3Q18. This is primarily due to the current complex political situation in Peru, where the Company registered lower revenue in the water flow and improvement categories.

Central America continues to show double-digit growth boosted by a product marketing strategy in economies with low population density that, by lacking infrastructure, have a rising demand for water solutions.

The **cumulative net sales** totaling Ps. 1,423 million, represented an expansion of 1.1%.



The **adjusted EBITDA** decreased 6.8% in the quarter and 18.4% cumulatively, both due to a lower expenses' absorption in Brazil.

### Product and Services Summary – Sales and EBITDA (Millions of MXN)

Products	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
<b>Net Sales</b>	<b>1,860</b>	<b>1,789</b>	<b>3.9%</b>	<b>5,566</b>	<b>5,243</b>	<b>6.2%</b>
Adjusted EBITDA	385	317	(45.7%)	1,001	893	12.2%
<i>Adjusted EBITDA Margin</i>	<i>20.7%</i>	<i>17.7%</i>	<i>(300) bp</i>	<i>18.0%</i>	<i>17.0%</i>	<i>(100) bp</i>

Services	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
<b>Net Sales</b>	<b>162</b>	<b>150</b>	<b>8.3%</b>	<b>412</b>	<b>495</b>	<b>(16.8%)</b>
Adjusted EBITDA	7	12	18.8%	28	76	(63.3%)
<i>Adjusted EBITDA Margin</i>	<i>4.1%</i>	<i>8.2%</i>	<i>(410) bp</i>	<i>6.7%</i>	<i>15.3%</i>	<i>(850) bp</i>

Government transactions accounted for 1.4% and 1.6% of sales during the quarter and the first nine months, respectively. This percentage is lower than the internal guidelines of maintaining this exposure below 10% of the Group's income.

#### - Products

**Net sales**, that include categories of storage, water flow and improvement, grew 3.9% in 3Q19 to reach Ps. 1,860 million, due to a marketing strategy for mid-range and low-end products coupled with a growing demand for storage products. This related to the scarcity of water resources in the regions where we operate.

**Cumulative net sales** grew 6.2% as of September, reaching Ps. 5,566 million.

The **adjusted EBITDA margin** in 3Q19 was 20.7% and 18.0% in 9M19, an increase of 300 bp and 100 bp, respectively, driven by higher prices, a benefit in the cost of raw materials, and better costs absorption derived from an increased sales volume of water heaters.

#### - Services

**Net sales of services** showed an increase of 8.3% related to water treatment plants that began operations in this quarter, because of longer periods between construction and billing of contracts gained in previous quarters.

Additionally, the "bebbia" drinking water platform continues to show a positive trend, doubling installed purification units to reach over 18 thousand units. This platform is now

present in 50 cities and 24 states in Mexico, and is the only option in the market with subscription-based purification schemes with a solution that addresses water quality in each location.

Overall, in this period water as a service has gained traction as more clients were signed on, participating in different industries with water treatment plants, and as more institutional and residential clients subscribed to “bebbia”.

**Cumulative net sales** decreased 16.8% due to a reduction in school drinking water fountains’ revenues derived from a lack of recurrence in government contracts, combined with the time to market for water treatment plants’ new contracts.

The **adjusted EBITDA margin** reached 4.1% and 6.7% in 9M19, a reduction in both periods related to the investment to expand the service businesses, focusing on commercial efforts and the development of *Ojo de Agua*, a platform that maps water quality by zip code in Mexico.

## Gross Margin

The **gross margin** expanded 290 bp, from 39.9% to 42.8% in 3Q19, derived from better sales prices of products, higher productivity in our manufacturing facilities, and a benefit in the cost of resins.

In 9M19 the **cumulative gross margin** increased 260 bp compared to 9M18 to reach 41.8%.

## Operating Income

**Operating income** grew 31.3% in the quarter, reaching Ps. 324 million, representing a margin of 16.0%, an increase of 330 bp when compared to the same period of the previous year. This increase relates to a benefit in raw materials costs, an improvement in the operating efficiency of the manufacturing facilities, the increase of sales prices, and a spending discipline which has maintained expenses growth lower than sales growth.

**Cumulative operating income grew** 12.7%, reaching Ps. 773 million, as a result of the benefit in gross profit that offset an increase in operating expenses related to the integration of IPS in Argentina and expenses related to the improvement in the United States of America e-commerce platform.

## Comprehensive Financing Result

The **Comprehensive Financing Result** in 3Q19 was an expense of Ps. 172 million, compared to Ps. 93 million in the same period last year. This increase was mainly due to a higher payment of net interests, which reached Ps. 74 million as net debt had an increase. Similarly, the devaluation of the Argentine Peso and the loss of monetary position in Argentina had an impact of Ps. 86 million.

The **cumulative Comprehensive Financing Result** in 9M19 was an expense of Ps. 404 million, compared to an expense of Ps. 137 million from January to September 2018. This increase is related mostly to a greater payment of net interests of Ps. 180 million and an impact of Ps. 148 million related to an exchange rate loss and the monetary position in Argentina.

## Income Tax

The **income tax** for the third quarter of 2019 reached Ps. 76 million, and cumulatively Ps. 140 million.

## Net Income

**Net income** in 3Q19 reached Ps. 77 million, affected by an increase in financial expenses, by the hyperinflation effect and currency losses in Argentina, as well as debt interest payments. Nonetheless, net income grew by 1.4% when compared to the same period of the previous year.

Cumulatively, net income reached Ps. 228 million, registering a margin of 3.8%. Effects of net interest payments, foreign exchange losses in Argentina and hedging financial instruments impacted the margin.

Additionally, in July discontinued operations were considered at a loss of Ps. 146 million. This due to the sale of manufacturing assets in the U.S. and the acknowledgement of differed taxes from losses in previous quarters.

## Capex

(Millions of MXN)

	9M19	%
Mexico	179	75.8%
Argentina	34	14.3%
Others	24	9.9%
<b>Total</b>	<b>237</b>	<b>100%</b>

**Capital investments** made as of September 2019 accounted for 4.0% of sales. Most resources were allocated to Mexico.

32.0% of the total capex allocated from January to September, or Ps. 75 million, was destined to water treatment and recycling plants.

## Balance Sheet

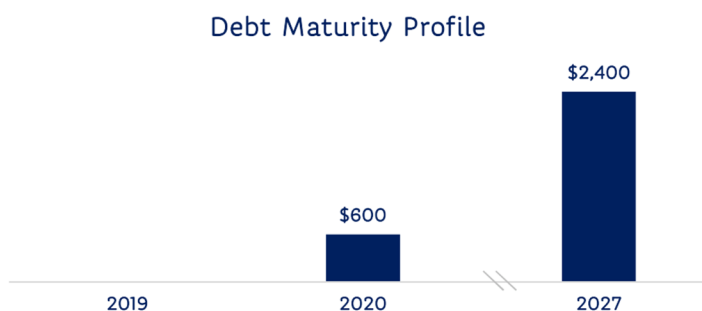
### Debt

(Millions of MXN)

	Sep.19	Dec.18	Var (%)
<b>Total Debt</b>	<b>2,982</b>	<b>2,923</b>	<b>2.0%</b>
Short-term Debt	58	7	NA
Long-term Debt	2,924	2,916	0.3%
Cash and Cash Equivalents	1,546	1,050	47.2%
<b>Net Debt</b>	<b>1,437</b>	<b>1,873</b>	<b>(23.3%)</b>

### Debt Maturity Profile

As of September 30th, Ps. 600 million, or 20% of the debt was issued at a variable rate, covered by a swap and has an amortization date in June 2020; the remaining Ps. 2,400 million have an amortization date in 2027 and were issued at a fixed rate. 100% of debt is held in Mexican pesos.



## Working Capital

(Days)

	9M19	9M18	Var (days)
Days of Inventory	70	69	1
Days of Portfolio	64	70	(6)
Days of Payable Outstanding	66	60	6
<b>Cash Conversion Cycle</b>	<b>67</b>	<b>79</b>	<b>(12)</b>

The **cash conversion cycle** went down by 12 days due to a working capital optimization, mainly derived from an improvement in every managing KPIs.

## Free Cash Flow from Operations

Cumulatively, Rotoplas' free cash flow improved significantly compared to 2018. The cash generated in operation, without considering the sale of manufacturing assets in the U.S. was Ps. 575 million. Additionally, Ps. 237 million went to CAPEX, Ps. 174 million to cash reimbursement, and Ps. 195 million to the repurchase fund.

## Financial Ratios

(EPS in MXN)

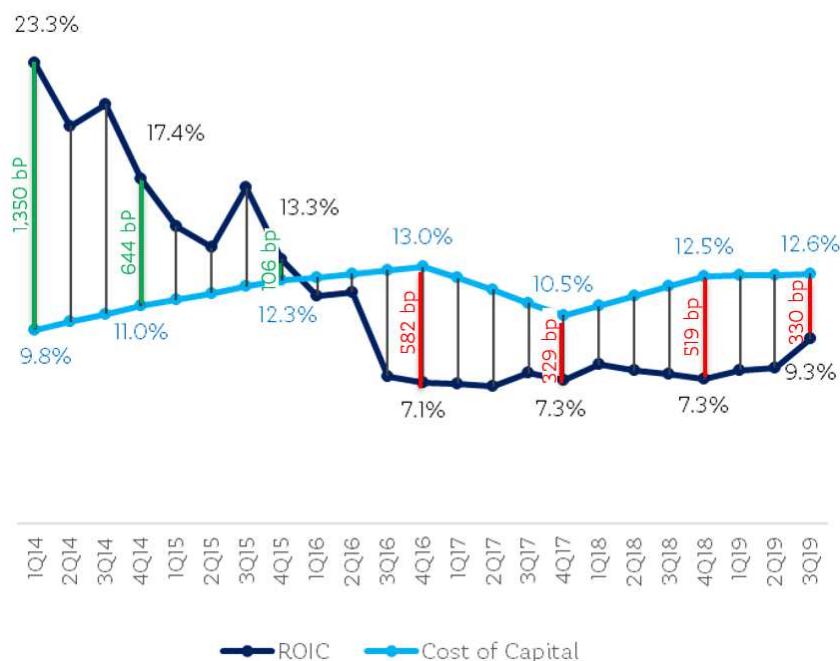
	LTM19	LTM18	Var.
Net Debt / EBITDA	1.1 x	1.6 x	(0.5) x
Total Liabilities / Total Stockholder's Equity	0.8 x	0.6 x	(0.2) x
Total Earnings per Share*	0.53	0.92	(42.0%)

\*Net Income divided by 486.2 million shares.

As of September 30th, leverage is within the 2.0x Net Debt/EBITDA debt guidelines established by the Company.

With the transaction announced on July 8th related to the divestment of the manufacturing assets in the United States of America to focus efforts on the e-commerce platform, on July 19th the Company strengthened its cash position in the balance sheet by Ps. 762 million.

### ROIC / Cost of Capital



ROIC: NOPAT LTM/Average Invested Capital t, t-1.

In the second half of the year, the Company began a long-term transformational program with the objective of improving its return on invested capital (ROIC), achieving an inflection point in September, with a 200 bp increase compared to December 2018 and changing previous quarters’ trend.

### Financial Derivatives

(Millions of MXN)

The use of financial derivatives is governed by the recommendations and policies established by the Board of Directors and supervised by the Audit Committee, which provide guidelines on the management of foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial investments, and excess cash investments.

As of September 30th, 2019, the market value of Rotoplas’ derivative positions were:

Instrument	Market Value
SWAP	10.46
Forward	2.66
<b>Total</b>	<b>13.12</b>

## Stock Repurchase Program

Grupo Rotoplas has a fund for the repurchasing of shares with the purpose of benefitting share liquidity by increasing operating volume.

As of September 30th, 2019, the repurchase fund held 35.5 million shares that amount to Ps. 819 million

## Employees

As of September 30th, the total number of employees was 3,292 a 2.9% increase when compared to 3Q18.

## Environmental, Social, and Governance (ESG)

- Grupo Rotoplas joined the **DJSI MILA Pacific Alliance** for the third consecutive year since the creation of the index. The DJSI MILA Pacific Alliance is made up of the 58 companies with the best environmental, social and governance (ESG) performance of the Pacific Alliance (including Chile, Colombia, Mexico and Peru).
- The first **Hablemos de Agua forum** was held, a free and inclusive space, where you can communicate, connect, exchange and generate reflections on the most relevant and important issues in the water sector.
- Rotoplas is the first Mexican Company to join the **CEO Water Mandate**. This United Nations Global Compact initiative mobilizes business leaders on water issues, sanitation and SDGs (Sustainable Development Goals).

## Relevant Events

- **Closing of divestiture of manufacturing assets transaction in the United States of America to strengthen efforts on e-commerce**– on July 19th the Company concluded the transaction that contemplates the transfer of its three rotomolding plants in California, Texas and Georgia to focus on the growth of its e-commerce platform in that country. To view the press release, please access the following link: [https://rotoplas.com/investors/rtp\\_resources/eng/relevant\\_events/2019/3Q19/Evento-Relevante-FFUU-eng.pdf](https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2019/3Q19/Evento-Relevante-FFUU-eng.pdf)
- **Ratification of the external auditor 2019** – On September 4th, it was reported that, through the meeting held on July 24<sup>th</sup> 2019 by the Company's Board of Directors, Price Waterhouse Coopers, S.C. was designated as an office in charge of providing external

audit services to Rotoplas and its subsidiaries for the fiscal year of 2019. To view the press release, please access the following link:

[https://rotoplas.com/investors/rtp\\_resources/eng/relevant\\_events/2019/3Q19/ratification\\_external\\_auditor.pdf](https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2019/3Q19/ratification_external_auditor.pdf)

- Rotoplas remains in the DJSI MILA Pacific Alliance** – On September 18th, it was announced that, for the third consecutive year, and since the creation of the index, Rotoplas has consolidated itself as part of the sample that makes up the DJSI MILA Pacific Alliance sustainability index. The selection of members is based on the Corporate Sustainability Assessment, where Rotoplas improved 11 positions in its industry globally. To view the press release, please access the following link: [https://rotoplas.com/investors/rtp\\_resources/eng/relevant\\_events/2019/3Q19/DJSI\\_eng.pdf](https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2019/3Q19/DJSI_eng.pdf)
- Renewal of Market Maker Agreement** – On October 7th, it was announced that the Company has renewed the contract of providing market maker services with UBS Casa de Bolsa, S.A. de C.V., UBS Financial Group (UBS), which will be valid for an additional 12 month. To view the press release, please access the following link: [https://rotoplas.com/investors/rtp\\_resources/eng/relevant\\_events/2019/4T18/Renewal\\_of\\_Market\\_Maker\\_Agreement.pdf?5d9b8b06](https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2019/4T18/Renewal_of_Market_Maker_Agreement.pdf?5d9b8b06)

## Analyst Coverage

As of September 30th, analyst coverage was provided by:

Institution	Analyst	Contact	Recommendation	TP*
Actinver	José Cebeira	jcebeira@actinver.com.mx	Buy	\$21.00
Bank of America	Eric Neguelouart	eric.neguelouart@baml.com	Sell	\$26.00**
GBM	Liliana de León	ldeleon@gbm.com	Buy	\$32.00
Signum Research	Alain Jaimes	alain.jaimes@signumresearch.com	-	-

\*Target Price.

\*\*Not Updated.



## Grupo Rotoplas S.A.B. de C.V.

## Income Statement

(Non-audited figures, millions of MXN)

	3Q19	3Q18	Var.	9M19	9M18	Var.
Net Sales	2,022	1,939	4.3%	5,978	5,738	4.2%
COGS	1,156	1,166	(0.9%)	3,477	3,488	(0.3%)
<b>Gross Profit</b>	<b>866</b>	<b>773</b>	<b>12.1%</b>	<b>2,501</b>	<b>2,250</b>	<b>11.2%</b>
<i>Gross Profit Margin</i>	42.8%	39.9%	290 bp	41.8%	39.2%	260 bp
<b>Operating Expenses</b>	<b>542</b>	<b>526</b>	<b>3.0%</b>	<b>1,729</b>	<b>1,565</b>	<b>10.5%</b>
Operating Income	324	247	31.3%	773	685	12.7%
<i>Operating Income Margin</i>	16.0%	12.7%	330 bp	12.9%	11.9%	100 bp
<b>Comprehensive Financing Cost</b>	<b>(172)</b>	<b>(93)</b>	<b>(85.5%)</b>	<b>(404)</b>	<b>(137)</b>	<b>NA</b>
Financial Income	(5)	(9)	(42.7%)	69	70	(2.0%)
Financial Cost	(167)	(83)	100.6%	(472)	(207)	NA
Earnings Before Taxes	152	154	(1.2%)	369	547	(32.6%)
Taxes	76	79	(3.8%)	140	195	(27.9%)
Net Income	77	75	1.4%	228	352	(35.2%)
<i>Net Income Margin</i>	3.8%	3.9%	(10) bp	3.8%	6.1%	(230) bp
<b>Adjusted EBITDA</b>	<b>392</b>	<b>330</b>	<b>18.8%</b>	<b>1,029</b>	<b>968</b>	<b>6.3%</b>
<i>Adjusted EBITDA Margin</i>	19.4%	17.0%	240 bp	17.2%	16.9%	30 bp
<b>Profit/Loss from Discontinued Operations</b>	<b>(146)</b>	<b>(9)</b>	<b>NA</b>	<b>(146)</b>	<b>(9)</b>	<b>NA</b>
<b>Net Profit/Loss after Discontinued Operations</b>	<b>(70)</b>	<b>66</b>	<b>NA</b>	<b>82</b>	<b>343</b>	<b>(76.2%)</b>

## Balance Sheet

(Non-audited figures, millions of MXN)

	Sep.19	Dec.18	Var.
Cash and Cash Equivalents	1,546	1,050	47.2%
Accounts Receivable	1,862	1,764	5.6%
Inventory	952	1,057	(10.0%)
Other Current Assets	690	878	(21.4%)
<b>Current Assets</b>	<b>5,050</b>	<b>4,749</b>	<b>6.3%</b>
Property, Plant and Equipment - Net	2,430	2,653	(8.4%)
Other Long-term Assets	3,960	4,448	(11.0%)
<b>Total Assets</b>	<b>11,440</b>	<b>11,850</b>	<b>(3.5%)</b>
Short-term Debt	58	7	NA
Suppliers	381	400	(4.7%)
Other Accounts Payable	1,234	1,210	2.1%
Short-term Liabilities	1,674	1,616	3.5%
Long-term Debt	2,924	2,916	0.3%
Other long-term Liabilities	497	554	(10.4%)
<b>Total Liabilities</b>	<b>5,094</b>	<b>5,087</b>	<b>0.1%</b>
<b>Total Stockholders' Equity</b>	<b>6,346</b>	<b>6,764</b>	<b>(6.2%)</b>
<b>Total Liabilities + Stockholder's Equity</b>	<b>11,440</b>	<b>11,850</b>	<b>(3.5%)</b>

## Conference Call

Grupo Rotoplas  
(BMV: AGUA\*)

Invites you to their Third Quarter 2019  
Conference Call.

Thursday, October 24th,  
10:00am Mexico City Time (11:00am, EST)

The management team will comment on their third quarter results, followed by a question and answer session.

- **Carlos Rojas Aboumrad** – Chief Executive Officer
- **Mario Romero Orozco** – Chief Financial Officer

Webcast:

<http://public.viavid.com/index.php?id=136428>

Numbers:

Mexico: 01-800-062-2969

United States: 1-800-458-4121

Other Countries: 1-323-794-2093

Conference Number: 2106621

The conference recording will be available after the conference at:

<https://rotoplas.com/inversionistas/>

## Investor Relations Contact

**Mariana Fernández**

T. +52 (55) 52015000

Ext. 50163

[mfernandez@rotoplas.com](mailto:mfernandez@rotoplas.com)

**María Fernanda Escobar**

T. +52 (55) 52015000

Ext. 50341

[mfescobar@rotoplas.com](mailto:mfescobar@rotoplas.com)

## Forward Looking Statements

This press release may include certain forward-looking statements relating to Grupo Rotoplas S.A.B. de C.V., it relies on considerations of the Grupo Rotoplas S.A.B. de C.V. management, which are based on current and known information; however, the forward-looking statements could vary due to facts, circumstances and events beyond the control of Grupo Rotoplas, S.A.B. de C.V.

## About the Company

Grupo Rotoplas S.A.B. de C.V. is America's leading provider of solutions for storage, water flow, improvement, treatment and recycling of water. With 40 years of experience in the industry and 19 plants throughout the America, Rotoplas is present in 14 countries and has a portfolio that includes 27 product lines and a service platform. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10<sup>th</sup>, 2014.

Pedregal 24, piso 19, Col. Molino del  
Rey Delegación Miguel Hidalgo  
C.P. 11040, Ciudad de México  
T. +52 (55) 5201 5000  
[www.rotoplas.com](http://www.rotoplas.com)